

Louisiana Property and Casualty  
Insurance Commission  
Louisiana Department of Insurance  
P.O. Box 94214  
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Louisiana Property and Casualty  
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Monthly Report  
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James J. Donelon Sworn In As Commissioner of Insurance

James J. “Jim” Donelon became Louisiana’s Commissioner of Insurance on February 16th following the retirement of Robert Wooley. Donelon previously served as the Department’s Executive Counsel and Chief Deputy Commissioner.

“I am honored to serve as Commissioner of Insurance and I am committed to protecting our consumers and keeping the dialogue going with insurance companies to let them know Louisiana is a great place to do business,” Donelon said.

Former Commissioner Wooley, who attended Donelon’s swearing-in ceremony, said he chose Donelon to be his Chief Deputy in 2001 because of his impeccable reputation and his extensive knowledge of insurance. “Jim was the only guy I knew who could help me restore the credibility and integrity of an office embarrassed because the three previous Insurance Commissioners had gone to jail,” Wooley said. “He is a consumer advocate who does the right thing for the right reasons, and he knows insurance inside and out. I believe he is the most qualified Commissioner of Insurance to ever assume the position,” Wooley added.

The 61-year-old Donelon is a native of New Orleans and a graduate of the University of New Orleans and the Loyola School of Law. Donelon retired as the State Judge Advocate of the Louisiana National Guard with the rank of Colonel following 33 years of military service.

Donelon is a former chairman of the Jefferson Parish Council and served in the Louisiana House of Representatives from 1982 until 2001, when he resigned his post to become Wooley’s Chief Deputy Commissioner of Insurance. While in the Legislature, Donelon was chairman of the House Committee on Insurance and co-chairman of the Republican Legislative Delegation.<sup>1</sup>

Louisiana Property and Casualty Insurance Commission-Monthly Report

- ◆ *The Monthly Report* is the newsletter of the Louisiana Property and Casualty Insurance Commission, Louisiana Department of Insurance, 1702 N. 3rd Street, 3rd Floor, P.O. Box 94214, Baton Rouge, LA 70804-9214 225-342-7187 (PH) 225-342-6057 (FX)

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- ◆ The Louisiana Property and Casualty Insurance Commission was created by the enactment of R.S. 22:15 in the 2001 Regular Session of the Louisiana Legislature to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana. The commission will also undertake a comprehensive study and provide oversight and enforcement recommendations of the effectiveness of law enforcement and implementation of programs aimed at enforcement throughout the state of those laws and programs which affect property and casualty insurance rates.

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# Commissioner Donelon Issues New Hurricane-Related Consumer Protections

Commissioner of Insurance Jim Donelon issued two directives recently to further protect consumers impacted by Hurricanes Katrina and Rita. Directives 195 and 196 are the latest directives issued by the Department which relate specifically to the two hurricanes and are among the strongest consumer protections mandated by any state insurance department following Hurricanes Katrina and Rita.

## Directive 195 - Extension of Time Period for Insureds to Effectuate Repairs to Hurricane Damaged Property & Receive Full Recovery for Replacement Costs:

Commissioner Donelon issued Directive 195 on February 27th. Directive 195 requires insurance companies to pay policyholders full replacement cost for their covered hurricane-related property damage even if repairs are not completed within the six-month time period required under some policies.

“Some property insurance policies contain a provision stating that repairs to covered damages must be done within six months of the date the claim was filed in order for the insured to collect the replacement costs they are entitled to from their insurer,” Donelon says. “What makes Directive 195 so important is that it mandates insurance companies to extend the repair deadline from six months to one year from the date of the claim,” Commissioner Donelon adds. Replacement cost coverage is available to policyholders who actually purchased this type of coverage.

The Commissioner says he feels Directive 195 is vital for consumers because many property owners with a covered loss that is the subject of a claim following either Hurricane Katrina or Hurricane Rita have been unable to have their covered damages repaired by a building contractor. Some residents have also been unsuccessful in finding a contractor who can give them a bid for their repair work.

## Directive 196 - Hurricane Katrina & Hurricane Rita Deemed Catastrophic Events Entitling Insureds to Exemption from Use of Credit Information:

Commissioner Donelon says he is concerned about the financial strain the two hurricanes have caused residents statewide and the impact this may have on the personal credit records of those who have been late in paying their bills.

So Donelon issued Directive 196 as a means of protecting affected residents from the negative impact of adverse actions on their credit reports. The Commissioner’s proclaiming of Hurricanes Katrina and Rita as “catastrophic events” triggers a state law banning insurance companies from using an adverse entry on an individual’s credit report when setting that person’s rates. This applies only to personal lines of insurance but Commissioner Donelon urges and requests that insurers writing commercial lines of insurance in Louisiana abide by the spirit and intent of Directive 196.

“Directive 196 says that adverse entries posted on a person’s individual credit record beginning August 26, 2005 shall be ignored by insurance companies when considering the individual’s credit history during the underwriting or rating of any personal lines insurance policy,” Donelon states. Directive 196 does not prohibit an insurer from using a credit entry, favorable or unfavorable, posted on or after August 26, 2005 that is not related to Hurricane Katrina and/or Hurricane Rita.

Consumers who believe their credit may have been adversely impacted as a result of Hurricane Katrina and/or Hurricane Rita should contact their insurance company right away.

Both Directives are now accessible from the “New Bulletins, Directives, Rules, Forms and Other Documents” on the Department of Insurance website: [www.lldi.state.la.us](http://www.lldi.state.la.us)

## Announcement:

The Louisiana Property & Casualty Insurance Commission will meet on *Wednesday, March 22nd at 1:30 pm at the Department of Insurance in the Plaza Hearing Room*. Recommendations to the Legislature will be voted on by the members.

Louisiana Property and Casualty Insurance Commission Members		
Commissioner Jim Donelon		Tom O’Neal
Jeff Albright		Theodore “Ted” Haik, Jr
Col. Jim Champagne	Representative Karen Carter	Aubrey T. Temple, Jr.
Chuck McMains	Senator Donald Cravins	Nicholas Gachassin
Terry Lisotta	Earl Taylor	Richard Clements
H. “Marc” Carter	Kay Hodges	Chad Brown
Senator James David Cain	Richard L. Stalder	Lorrie Brouse